

ARTICLE APPEARED  
ON PAGE 5BOSTON GLOBE  
6 December 1986

# A CIA loyalist who had doubts on arms transfers

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WASHINGTON - John McMahon had no intention of becoming a hero to those seeking to pry open the secrets about US arms shipments to Iran and aid to the Nicaraguan contras, observers say, but that is the image many are fastening to him.

McMahon was the senior most official of the Central Intelligence Agency who challenged the covert arms sales, and evidence indicates that he also opposed the Reagan administration's January 1984 mining of harbors in Nicaragua.

Moreover, McMahon resigned his position as deputy director of central intelligence, the No. 2 slot in the US intelligence community, in March, after the arms were flowing to Iran.

Aides on Capitol Hill cite rumors that McMahon could play the same role in the Iran-contra affair that John Dean played in Richard Nixon's Watergate downfall: the insider turned informer, spilling all, incriminating everyone.

People who know McMahon dismiss such speculation and warn against painting him as a closet critic of Reagan administration policies.

In November 1985, at the request of the National Security Council staff, McMahon approved the use of Southern Air Transport - a company once owned by the CIA - to fly what he thought was oil-drilling equipment to Israel. The director of central intelligence, William Casey, who was in China at the time, approved the transfer by cable.

Soon after, McMahon learned that the package really contained weapons and was bound for Iran in violation of a presidential embargo. McMahon told the White House that he would not allow further arms transfers unless President Reagan signed an intelligence "finding" formally authorizing such shipments.

Reagan signed the finding in January, which led to the flow of arms directly from the United States to Iran and the diversion of excess profits to Swiss bank accounts and the contras.

When Sen. Daniel Patrick Moynihan (D-N.Y.) learned of the chain of events late last month, he said: "John McMahon did exactly the right thing, and the next thing you know, he's out. Why?"

Why did McMahon do what he did?

A former high-ranking CIA official who knows McMahon said: "John is a cheerleader. Wherever he goes inside the agency - and he was in nearly every division - he becomes the spokesman and the protector of that organization. That makes him popular with the people who work under him, but sometimes it makes him unpopular with other arenas because he's seen as a protector of turf."

This tendency alone was enough to sire tensions with Casey and sometimes with the NSC staff. But there was another factor. "John's never been a particular fan of covert action," the former official said. "He's generally skeptical of what it can produce. It was his very strong view that covert actions that had not been carefully thought out were at the heart of the problems the agency went through in the 1970s," when congressional committees discovered CIA illegal activities, diminishing the image and influence of the agency.

"John's opposition wasn't moral indignation," the official said. "It was protection of the institution, of the agency."

Another former CIA official agreed: "McMahon was a guy who was comfortable with rules and procedures. And he's got really good judgment - not necessarily judgment of what's good policy, but judgment of what's going to blow up in his face and therefore what sorts of things to avoid."

McMahon took care to maintain good relations with members of the congressional intelligence committees, developing a reputation for honesty, observers said. He testified more than 30 times on contra aid, and also put the best face on the administration's poli-



JOHN McMAHON  
Holy Cross graduate

cies of aiding El Salvador and halting transfers of critical technology to the Soviet Union.

Former officials say he developed particularly close contact with Sen. Barry Goldwater (R-Ariz.), chairman of the Senate Intelligence Committee. They say Goldwater's leaked and much-publicized letter to Casey in 1984 criticizing the secret mining of Nicaraguan harbors was a reflection of McMahon's views.

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"This is an act violating international law," Goldwater wrote. "It is an act of war. For the life of me, I don't see how we are going to explain it." He worried that the mining and Casey's failure to inform Congress about it ahead of time would endanger political support for additional aid to the contras. "We will not be in any position to put up much of an argument after we were not given the information we were entitled to receive," Goldwater wrote.

McMahon supported Reagan's backing of the contras. In a June 1983 speech to the Retired Officers Association, he said the Soviet Union was "trying to dominate Central America," hoping to line up El Salvador, Guatemala, Honduras, Costa Rica and Mexico the way "they gained control of South Vietnam, Laos and Cambodia and now threaten Thailand."

Still, McMahon alienated some right-wing groups by reportedly opposing some proposals to send large quantities of sophisticated weapons to Third World guerrillas. The Federation of American-Afghan Action accused McMahon of blocking arms deliveries to the anti-Soviet rebels in Afghanistan and mounted a letter-writing campaign urging Reagan to oust him from office.

CIA officials say McMahon's resignation had no connection to this campaign. Several say the accusations were overstated. One former CIA official said, "He may have had a distaste for covert operations, but it did not compel him to reject very many."

McMahon's career in the CIA began in 1952, a year after he graduated from Holy Cross College in Worcester, Mass. He became deputy director of special operations in 1965, working on the U-2 spy plane and various reconnaissance satellites, and was advanced to director of electronic intelligence in 1971. He then became head of CIA administration and in 1978 was appointed deputy director of operations. He directed the foreign assessments branch, in charge of producing intelligence analyses, in 1981 and briefly served as the agency's executive director before becoming deputy director in 1982.

He is now employed as executive vice president of Lockheed Missiles and Space in Sunnyvale, Calif., making the spy satellites that he once supervised. He has declined all recent requests for interviews. He did testify earlier this week in a closed hearing of the Senate Intelligence Committee.